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NOTE

The term 'Britain' is used informally in the *Survey of Current Affairs* to mean the United Kingdom of Great Britain and Northern Ireland. 'Great Britain' comprises England, Wales and Scotland.

Government and Administration

Extension of Competition for Public Services

Government proposals to extend competition and choice in the provision of public services were announced in the White Paper *Competing for Quality: Buying Better Public Services*, published on 18 November.

In a statement in the House of Commons (*Hansard*, Vol 199, No 13, cols 25-7), the Financial Secretary to the Treasury, Mr Francis Maude, said that the White Paper[1] fulfilled the Government's promise, given in the Citizen's Charter (see p 296), to publish proposals on extending competition. This was crucial to the Charter commitment to provide services of the highest quality and representing the best value. The proposals in the White Paper are closely linked to the Government's proposals to extend competition in the provision of local services (see below).

Central Government

The White Paper includes the following proposals for central government:

– the publication by each department and agency of annual targets for extending the coverage of competitive tendering, to be set with private sector help;

– incentives for government departments to extend competition: savings from competitive tendering and contracting out would be applied to benefit departments' programmes;

– the achievement of better value for money through extending competition would be an important factor in determining performance pay;

– the establishment of a Public Competition and Purchasing Unit, based in the Treasury, which would promote the White Paper programme and continue the work of the Treasury's existing Central Unit on Purchasing;

– the appointment of a part-time Chairman, from the private sector, who would lead the Unit and join the Citizen's Charter Panel of Advisers (see pp 299-300);

– the streamlining of procedures and the simplification of documentation to make the process of tendering for contracts more straightforward;

– clarification of the true costs of in-house services in order to ensure that competition is fair and open;

– the removal of obstacles to contracting out, with the abolition of tax distortions and the evaluation of one-off costs, including redundancy costs, over a longer period; and

– the identification of particular areas where competition could be extended, including professional and specialist services, executive and clerical operations, and information technology services and project management.

National Health Service

For the National Health Service (NHS) the White Paper proposes that health authorities, directly managed units and NHS trusts should set out market-testing plans in annual reports and report progress on the plans. There would also be a new guide to good

[1] Cm 1730. HMSO, £6-85. ISBN 0 10 117302 4.

practice in the NHS, to encourage the buying in of high-quality support services, and a national database on contracts awarded.

Local Government

The White Paper's proposals for local government were set out more fully in a consultation paper published on 5 November.[1]

The paper makes a number of proposals for establishing a clearer framework for compulsory competitive tendering, along similar lines to the steps suggested for central government. Local authorities would be required to take into account government guidance on compulsory competitive tendering. The Government would be able to take quicker and more effective action in the case of local authorities which appear not to comply with its guidelines.

The paper also proposes the extension of compulsory competitive tendering to a wider range of local government services, including police support services, the management of theatres and arts facilities, and architectural, engineering and property management services. The Government proposes to require the establishment of internal trading accounts for corporate services, including administrative, legal, financial, personnel and computing services, as a first step to a requirement that elements of these services should be put out to competitive tendering.

The deadline for responses for the consultation paper is 31 January 1992. Most of the proposals could be put into effect using provisions in the Local Government Bill, which is currently before Parliament.

Asylum Bill

The Asylum Bill, incorporating measures to accelerate and simplify decision-making in asylum cases, received its second reading in the House of Commons on 13 November.

[1] *Competing for Quality. Competition in the Provision of Local Services: A Consultation Paper.* Available free from the Department of the Environment, the Scottish Office and the Welsh Office.

MAIN PROVISIONS

Having declared its intention in July 1991 to introduce legislation to deter misuse of the asylum process (see pp 247-8), the Government published the Asylum Bill on 1 November. Supported by new Immigration Rules and new Appeals Procedure Rules, the measures would provide for:

– a new right of appeal before removal for all applicants refused asylum;

– a revised appeals procedure, with strict time limits to prevent unnecessary delays and to ensure a prompt hearing for those who are detained or whose cases are clearly unfounded;

– an additional right of appeal on a point of law to the Court of Appeal;

– powers to curtail the stay of someone already in Britain who claims, and is refused, asylum;

– powers to fingerprint asylum applicants, in order to stop the growing number who claim asylum in more than one name; and

– a limit on the statutory duty of local government authorities in Great Britain to find permanent accommodation for asylum applicants while their claims are being considered.

The Bill would also enable visas to be required of nationals of specified countries intending to change aeroplanes at British airports without passing through immigration control. Charges could be levied on airlines where such transit passengers were carried without visas.

Immigration Rules

The new Immigration Rules would specify the criteria to be taken into account in assessing the credibility of an asylum applicant, including whether the applicant had:

– applied for asylum promptly on arrival in Britain;

– fully and honestly presented the facts of his or her case;

– destroyed his or her passport or other identification; and

– tried to move to a safer part of his or her own country or to apply for asylum in another country on the way to Britain.

Asylum applicants who failed to seek protection in the first safe country that they reached would normally be sent back to have their claim dealt with there.

Other Measures

The Government is putting in hand the following additional measures:

– an increase in the number of staff working on asylum claims to over 550 by May 1992 in order to deal with the tenfold rise in asylum applications since 1988;

– the provision of 300 new detention places to detain asylum seekers considered likely to abscond if allowed to remain at liberty, and to enable those refused asylum to be detained while awaiting removal;

– the adoption of new procedures, with effect from 1 November, for screening all asylum applicants without valid passports or identification in order to prevent multiple asylum applications and to reduce the scope for social security fraud; and

– the provision of document specialists at certain airports abroad to advise airlines about the authenticity of travel documents.

Home Secretary's Statement

In a statement marking the publication of the Asylum Bill, the Home Secretary, Mr Kenneth Baker, said that the Government's proposals were a fair and proper response to the magnitude of the problem and would protect the interests of genuine refugees while dealing quickly and effectively with those who misused the system.

He reiterated that throughout Europe the institution of asylum was under strain from the numbers using it as a means to bypass immigration controls. Only Germany and France had greater numbers of applicants than Britain, which expected to receive nearly 50,000 applications in 1991 (see p 247).

Mr Baker explained that there were now 60,000 asylum applicants in Britain who had arrived in the past two years and whose claims were under consideration. From previous experience, he estimated that fewer than a quarter would be genuine refugees. Since international law forbade their removal until each individual case had been investigated, the Government was seeking to streamline the processing of claims.

Commenting on the proposed right of appeal before removal for all those refused asylum, thereby safeguarding genuine refugees, Mr Baker said that special adjudicators would be appointed to ensure that appeals were not delayed. The majority of cases which went to a full hearing would be completed within 90 days.

PARLIAMENTARY DEBATE

The Asylum Bill received its second reading (*Hansard*, Vol 198, No 10, cols 1082-1181) by 311 votes to 233.

Government View

Introducing the Bill, the Home Secretary emphasised the importance of having fair and effective policies in place in Britain to deal with the 'unprecedented flow' of asylum seekers. He expressed his opposition to a transfer of competence to the European Community on matters of asylum and immigration.

Mr Baker confirmed that the Government's response to the phenomenon of asylum seeking was not racialist. 'It applies to people wheresoever they come from, whether Africa, Asia or Eastern Europe.'

He said that the majority of people coming as asylum applicants into Europe were not refugees but economic migrants. Asylum procedures could no longer function normally. He added: 'Applicants benefit from delays in determination systems and the complicated review procedures after the initial decision. That pattern is repeated across Europe; that is why we must ensure that we reduce and not add to the delays when we change our system and introduce new rights.'

The Government, said Mr Baker, would continue to honour its commitment to genuine refugees as defined by the 1951 United Nations Convention on Refugees (see p 247). However, he cautioned: 'Should all the 17 million refugees whom the United Nations have identified be allowed to come to Europe if they so choose? The closer refugees remain to their own countries, the easier it is to organise their return when conditions allow.' He continued: 'If repatriation is not possible,

the United Nations consider that integration and settlement within a refugee's region is the next best alternative. Resettlement outside the region should be considered only in the last resort.'

The Government played a full part in alleviating the suffering of refugees and displaced persons overseas, spending some £60 million in 1990. The Home Secretary added that Britain and other developed countries of Europe had to support the developing economies, especially in Eastern Europe, 'to ensure that people will want to stay and strengthen those economies themselves'.

Identification Procedures

The fingerprinting of all asylum seekers, said Mr Baker, was necessary to determine the identity of applicants. More than half of those who applied at ports disposed of their travel documents and other forms of identification before they arrived in Britain. He also confirmed that cases of multiple applications in false identities by people who were already living in Britain as students, visitors and tourists had been uncovered. From 1 November people resident in Britain who applied for asylum by post without including their passports would be called for interview.

Mr Baker emphasised that the practical need for fingerprinting powers did not imply an intention to criminalise asylum seekers. The system would be operated by the immigration department, entirely separate from police records.

Other Provisions

Commenting on other provisions in the Bill, Mr Baker said that it was illogical that someone whose right to remain in Britain was still in question should be able to secure permanent local authority accommodation as an entitlement under homelessness legislation.

He defended the curtailment of any existing leave to be in Britain in another capacity when an asylum application was refused. Since an asylum application was a request to be dealt with outside normal immigration rules, it would be unreasonable to treat rejected applicants as if nothing had happened and allow the regular procedures to take their course. The Bill would therefore allow simultaneous decisions to refuse asylum, curtail leave and deport.

Under new appeal rights for all asylum seekers before removal, said Mr Baker, applicants would be required to obtain leave from a special adjudicator before proceeding to an oral hearing of their case. The adjudicator would be required to grant leave for such a hearing unless satisfied that there was no arguable case.

Conclusion

Concluding, Mr Baker said that public confidence in the fairness and firmness of the asylum determination system was crucial to preserve public sympathy for refugees. 'Our asylum system must function within the context of our commitment to effective immigration control. The control has been distorted and strained by the growth in asylum numbers and by blatant misuse of asylum procedures. The Bill will play an important part in restoring a proper balance.'

Opposition Views

Replying for the official Opposition, Mr Roy Hattersley affirmed that bogus asylum seekers should be prevented from entering Britain, but he expressed reservations about the adequacy of the proposed appeal procedure. He also voiced concern over the Government's decision to withdraw assistance under the legal aid Green Form scheme in asylum cases, henceforth requiring all asylum seekers to obtain legal advice from the United Kingdom Immigrants Advisory Service (see p 248).

Although sympathetic to any practical step that would avoid and prevent multiple asylum applications, Mr Hattersley opposed the use of fingerprinting.

Speaking for the Liberal Democrats, Mr Robert Maclennan expressed similar concerns over the Bill. He said that the root cause of the increase in the numbers seeking asylum should be addressed. Effective international measures were necessary to reinforce the protection of human rights and deal with civil conflicts that create refugee problems.

External Affairs and Defence

NATO Summit

Important changes were agreed in the North Atlantic Treaty Organisation's (NATO) strategy at a summit meeting of heads of Government in Rome on 7 and 8 November.

The meeting took place against a background of fundamental political changes in Eastern and Central Europe, which have radically improved the security situation of Britain and the other NATO allies. These include the dismantling of the Warsaw Pact, the establishment of democratic governments in Eastern and Central Europe, the unification of Germany, the withdrawal of Soviet forces from Hungary and Czechoslovakia, the independence of the three Baltic states and the radical changes taking place in the Soviet Union itself.

The Alliance's New Strategic Concept

In a document published on 7 November, NATO member states set out the Alliance's new strategic concept. Surveying the political and military context, this acknowledges that the threat of a simultaneous, full-scale attack on all NATO's European fronts has been effectively removed. Nevertheless, there are still a number of risks, such as ethnic rivalries and territorial disputes in Eastern and Central Europe, which could involve outside powers or spill over into NATO countries. Moreover, the Soviet Union's substantial conventional forces and large nuclear arsenal have to be taken into account if European stability and security are to be preserved.

The new strategic concept also emphasises the importance of stability and peace in the southern Mediterranean and the Middle East, from where weapons of mass destruction could reach the territory of some NATO members.

Main Functions

NATO's fundamental security tasks are to:

– provide a stable security environment, based on democratic institutions and commitment to the peaceful resolution of disputes, in which no country is able to intimidate any European nation or impose hegemony through the threat or use of force;

– serve as a transatlantic forum for Allied consultations affecting member states' vital interests;

– deter aggression and defend member states against military attack; and

– preserve the strategic balance within Europe.

In addition, the Allies seek through arms control and disarmament 'to enhance security and stability at the lowest possible level of forces consistent with the requirements of defence'.

With the radical changes in the security situation, the opportunities for achieving Alliance objectives through political means 'are greater than ever before'. Security and stability 'have political, economic, social and environmental elements as well as the indispensable defence dimension'.

Principles of Alliance Strategy

Alliance strategy will continue to reflect the following fundamental principles.

– None of its weapons will ever be used except in self-defence and NATO does not consider itself to be anyone's adversary.

– It will maintain enough military strength to convince any potential aggressor that the use of force against one member state will be met with collective action by all the Allies.

– Equitable sharing of roles, risks and responsibilities. The European members will assume a greater degree of responsibility for the defence of Europe.

– The maintenance of an integrated military structure including operational planning; multinational military formations; consultations; joint and combined exercises; common standards and procedures for equipment; co-operation on infrastructure, armaments and logistics; crisis management; and, where appropriate, the stationing of forces outside home territory on a mutual basis.

– The continued existence in Europe of an appropriate mix of up-to-date nuclear and conventional forces at a significantly reduced level.

New Force Posture

The size, readiness, availability and deployment of NATO military forces will continue to reflect the Alliance's defensive nature. This means in particular that:

– the overall size of the Allies' forces, and in many cases their readiness, will be reduced; and

– a comprehensive linear defensive posture in the European central region will no longer be required. Peacetime geographical distribution of forces will ensure a sufficient military presence throughout NATO territory, taking into account regional considerations.

These reduced forces will require more flexibility and mobility with a capacity for increases where necessary. For these reasons:

– available forces will include ground, air and sea immediate and rapid reaction elements able to respond to a wide range of eventualities, including a limited attack or attacks launched without long warning time;

– forces will be structured to permit their military capabilities to be built up when necessary and in proportion to potential threats to Alliance security;

– force structure and procedures will be developed to permit measured, flexible and timely responses in order to reduce and defuse tensions; and

– close political control will be exercised over the deployment of forces at all stages in the event of their use. Existing procedures will be reviewed in the light of the new missions and posture of Alliance forces.

Conventional Forces

In addition to immediate and rapid reaction forces, main defence forces will provide the bulk of forces needed to ensure the Alliance's territorial integrity. There will also be provision for reinforcing existing forces in a particular region. Alliance forces will consist of:

– ground forces to hold or regain territory. The majority of these will normally be at lower rates of readiness and, overall, there will be a greater reliance on mobilisation and reserves. All ground forces will require demonstrable combat readiness together with a capacity for flexible deployment;

– maritime forces to safeguard sea lanes of communication, to support land and amphibious operations and to protect the Alliance's seaborne nuclear deterrent; and

– air forces to support land and sea operations, to secure air defence and to contribute to surveillance, reconnaissance and electronic warfare operations. They will require long-distance aircraft and air refuelling capabilities.

The Alliance's integrated military structure will remain essential to facilitate the cost-effective use of resources. Integrated and multinational European structures will also have an increasingly important role in enhancing the ability to work together in the common defence. The new strategy also provides for the reinforcement of areas at risk within Alliance territory and the establishment of a multinational presence when and where this is needed. Collective defence arrangements will rely increasingly on multinational forces, which will:

– demonstrate NATO's resolve to maintain a credible collective defence;

– enhance Alliance cohesion;

– reinforce the transatlantic partnership; and

– strengthen the European pillar.

Chemical Weapons

The new strategic concept reaffirms that NATO strategy does not depend on chemical weapons. It adds: 'The Allies remain committed to the earliest possible achievement of a global, comprehensive and effectively verifiable ban on all chemical weapons. But, even after implementation of a global ban, precautions of a defensive nature will need to be maintained.'

Nuclear Forces

United States, British and French nuclear forces will continue 'to fulfil an essential role by ensuring uncertainty in the mind of any aggressor about the nature of the Allies' response to military aggression. They demonstrate that aggression of any kind is not a rational option.' Nuclear weapons will be maintained at the minimum level sufficient to preserve peace and stability. Radical changes in the European security situation mean that sub-strategic nuclear forces can be reduced and consist solely of dual capable aircraft. Such weapons will not be deployed in normal circumstances on surface vessels and attack submarines. Nuclear artillery and ground-launched short-range nuclear missiles will be eliminated.

The Allies will continue 'to pursue vigorously further progress in arms control and confidence-building measures with the objective of enhancing security and stability. They will also play an active part in promoting dialogue and co-operation between states on the basis of the principles enunciated in the Paris Charter [see pp 417-19, 1990].'

Rome Declaration on Peace and Co-operation

In a separate declaration issued on 8 November, NATO member states made a number of proposals on future relations with the Soviet Union and the countries in Eastern and Central Europe. They invited the foreign ministers of Bulgaria, Czechoslovakia, Estonia, Hungary, Latvia, Lithuania, Poland, Romania and the Soviet Union to a meeting in Brussels in December, which would launch a new era of partnership. In particular, NATO proposed:

– annual ministerial meetings between all countries concerned;

– periodic meetings at ambassadorial level; and

– regular meetings with various NATO committees.

These consultations would focus on security and related issues, such as defence planning, democratic concepts of civilian and military relations, and the conversion of defence production to civilian purposes.

Security Identity and Defence

The declaration said that the further strengthening of the Alliance's European pillar would reinforce its integrity and effectiveness and welcomed an increased role for the Western European Union as the defence component of the process of European unification.

Security and Co-operation in Europe

NATO member states reaffirmed their support for the development of the Conference on Security and Co-operation in Europe (CSCE). In particular, they suggested that consideration should be given to developing further the CSCE's ability to safeguard, through peaceful means, human rights, democracy and the rule of law in cases of clear, gross and uncorrected violations of relevant CSCE commitments.

Arms Control

Turning to the question of arms control, the declaration urged CSCE ratification and implementation; looked forward to an 'open skies' agreement; and said that NATO wanted to:

– strengthen security and stability at lower levels of armed forces commensurate with legitimate security interests inside and outside Europe;

– conduct an intensified security dialogue within a permanent framework and foster openness and co-operation about armed forces and defence policies; and

– promote effective mechanisms and instruments for conflict prevention.

The declaration supported the establishment by the United Nations of a universal non-discriminatory register of conventional

arms transfers (see p 259).[1] It also stressed the need to complete a global, comprehensive and effectively verifiable ban on chemical weapons in 1992 (see pp 258-9).

Developments in the Soviet Union

A separate statement was issued on 8 November on developments in the Soviet Union. NATO member states pledged themselves to assist the peoples of the Soviet Union to build a new future based on democracy, human rights, the rule of law and economic liberty. Inalienable human rights had to be guaranteed, including full respect for the individual and protection of the rights of people belonging to minorities.

The statement stressed that the Soviet Union and its republics should ensure that international arms control agreements signed by it were respected, ratified and implemented. It welcomed the intention of the Soviet leadership to ensure the safe, responsible and reliable control of nuclear weapons under a single authority. The statement urged restraint in the development of conventional military forces.

NATO member states supported the development of economic policies that promoted trade and economic co-operation among the republics. The Allies undertook to assist rapid reform towards a market economy as the basis for economic recovery and prosperity for the Soviet Union and the republics.

Yugoslavia

In a statement on Yugoslavia issued on the same day, NATO member states said that all attempts to change existing borders through the use of force or a policy of *fait accompli* were unacceptable. 'We will not recognise any unilateral change of borders, external or internal, brought about by such means.'

The statement called on all parties to respect ceasefire agreements and expressed support for the efforts of the European Community and the United Nations Security Council to resolve the crisis. Recognition of the independence of those republics wishing it could be envisaged only within the framework of an overall settlement including adequate guarantees for the protection of human rights and the rights of national or ethnic groups. 'The right to self-determination of all the peoples in Yugoslavia cannot be exercised in isolation from the interests and rights of national or ethnic groups within the individual republics.'

Prime Minister's Press Conference

European Defence

Addressing a news conference on 8 November, the Prime Minister, Mr John Major, said that Europe needed to do more for its own defence. Defence activities within the framework of political union would develop over time, but they would have to be compatible with NATO activities. NATO had to remain the forum for decisions involving the defence of the Alliance and there should be no duplication of NATO's military structures for the defence of Western Europe. The Western European Union should be reinforced as a means of strengthening the European pillar of the Alliance.

The Soviet Union

Mr Major said that the European Community had already agreed to provide food aid to the Soviet Union worth nearly $2,500 million. However, the Soviet Union's problems went a lot wider than simply the need for food aid, and the West had to try to help it achieve democracy with stability. The Soviet Union had also to stop wasting resources on vast military programmes inherited from the past and far beyond its present needs. 'It makes no sense economically and would be very dangerous politically for the republics to seek to build up their own forces.'

Yugoslavia

On Yugoslavia, Mr Major said that the outside world had to find 'new ways of bringing the leaders and the forces to their senses'. The European Community had therefore decided to dismantle its links with Yugoslavia by suspending the trade and co-operation agreements, which would have a severe effect on Yugoslav exports to the Community. The three EC members of the UN Security Council would be pressing at the United Nations for an oil embargo, which would bear more heavily on the Serbs and the largely Serbian

[1] On 9 December the UN General Assembly voted to establish a register of conventional arms transfers.

Yugoslav National Army. The effects of sanctions could be alleviated on those parties which co-operated with peace efforts.

European Community

At the end of a parliamentary debate on 20 and 21 November the House of Commons endorsed the negotiating approach on European union which the Government is to pursue at the European Council meeting in Maastricht in the Netherlands on 9 and 10 December.

PRIME MINISTER'S STATEMENT

Opening the two-day debate (*Hansard*, Vol 199, No 15, cols 269-390, and No 16, cols 436-527), the Prime Minister, Mr John Major, moved that the Government should work for an agreement at the European Council which:

– avoided the development of a federal Europe;

– enabled Britain to exert the greatest influence on the economic evolution of the European Community while preserving the right of Parliament to decide at a later date whether to adopt a single European currency;

– concentrated the development of Community action on those issues which could not be handled more effectively at national level (the principle of subsidiarity – see p 167, 1990);

– avoided 'intrusive Community measures in social areas' (the 'Social Charter' – see pp 458-9, 1989) which were matters for national decision;

– developed a European security policy compatible with the North Atlantic Treaty Organisation (NATO) and co-operation in foreign policy which safeguarded Britain's national interests;

– increased the accountability of the European Commission; and

– enhanced the rule of law in the Community, including improved implementation enforcement and compliance with Community legislation.

Recognising that the European Council was set to decide issues crucial to the future of the European Community and to Britain's role in it, Mr Major said that he wished to 'set out what is at stake, the parameters of what we can accept and also what we cannot accept'.

He acknowledged the contribution made by the Community to democracy, stability and prosperity in post-war Europe. Positive advantages of membership for Britain included the benefits of the single European market and the collective strength of the Community in international trade negotiations. It was the right policy for Britain to play a leading role in the Community, although this did not mean 'accepting every idea that is marketed with a European label'.

Economic and Monetary Union

Mr Major noted that the draft text of the treaty on European union envisaged the realisation of economic and monetary union through the creation of a single European currency to replace the historic currencies and the establishment of a European central bank to manage monetary policy. He reaffirmed that Britain was fully committed to stage one of the proposed three-stage plan for economic and monetary integration (see pp 242-3, 1990), which had begun on 1 July 1990.

Stage One

Stage one entailed the:

– completion of the single market and single financial area;

– strengthening of competition;

– liberalisation of capital movements; and

– accession of the greatest possible number of currencies to the exchange rate mechanism (ERM) of the European Monetary System. (For Britain's accession to the ERM see pp 338-9, 1990.)

Mr Major said that the substantive provisions of the treaty applied to the second and third stages. 'It is here that we begin to run into areas of greatest difficulty and controversy in much of the negotiation before us.'

Stage Two

Stage two envisaged the establishment of a European monetary institute which would strengthen the co-operation between the member states' central banks and promote the co-ordination of monetary policy. The European currency unit (ECU) would be developed and 'hardened'. Monetary policy would remain in the hands of member states during this period, the European monetary institute having a consultative and advisory role only.

Before the end of 1996, explained Mr Major, the member states of the Community would seek to decide whether to proceed to the final stage of economic and monetary union. A crucial element in the decision would be the economic convergence of the member states. Britain's partners had accepted its view that convergence was vital before monetary union. Mr Major noted that the draft text of the treaty set out strict convergence criteria on inflation, interest rates, successful membership of the narrow band of the ERM and the avoidance of excessive budget deficits.

Stage Three

The Council of Ministers would decide which member states met the convergence conditions, and the European Council would decide unanimously whether or not to move to stage three. Mr Major said that Britain believed that there should be at least eight member states ready to move to stage three before that step could be taken.

British Position

The Prime Minister reiterated the Government's insistence that there should be no imposition of a single currency. He continued: 'We are ... insisting that there must be a provision in the treaty giving us the right, quite separately from any European Council decision, to decide for ourselves whether or not to move to stage three. That decision can be taken only by this House.'

Britain would not be obliged to embrace full economic and monetary union with a single currency and a single central bank even if the requisite majority of member states decided to do so. Mr Major added: 'Whether to join – not just when to join – will be matters of separate decision by Government and by Parliament. Nothing in the treaty that I sign will bind us now to the decision that we must take then ... because at this stage we cannot know what the circumstances then will be and whether it will be in the economic interests of this country to take part.'

He reiterated that if the convergence conditions set out in the draft treaty were not met, Britain would not wish to be part of an economic and monetary union with a single currency. 'But if they are met, our successors may wish to take a different view.' A single currency would take from national governments the control of monetary policy. 'We cannot take that step now. But nor should we exclude it.'

The draft treaty text gave Britain a crucial provision, under which it could decide at a time of its own choosing whether to join or not.

Political Union

Britain was committed under the Treaty of Rome and the Single European Act (see pp 143-4, 1986) to closer European union. The purpose of the new treaty text, said Mr Major, was to define what political union meant in practical legal terms. He explained that although many Community member states accepted the idea of a European federation, Britain had never done so. Britain had always been concerned about the scope of Community law precisely because it took precedence over national law.

He continued: 'In these negotiations we have shown ourselves ready to discuss individual changes in the role of the Community where these are in the national interest. But we are not prepared to accept wholesale changes in the nature of the Community which would lead it towards an unacceptable dominance over our national life.'

Unlike the treaty provisions on economic and monetary union, the provisions on political union could be adopted only if all 12 member states and their parliaments agreed. 'That safeguard', said Mr Major, 'is there to be used if it needs to be used.' He added that a federal Europe, in which national governments and parliaments were subordinate to a European Government and Parliament with full legislative powers, would not succeed.

'We will not therefore accept a treaty which describes the Community as having a federal vocation.'

Structure

The Prime Minister welcomed treaty arrangements whereby some elements of co-operation between member states – notably on foreign and security policy, measures against crime and terrorism, and immigration and asylum matters – would be conducted on an intergovernmental basis rather than within the existing framework of Community law. These elements would remain outside the competence of the Treaty of Rome and the jurisdiction of the European Court of Justice, meaning that decisions taken by member states would not be subject to adjudication by a supra-national authority.

Foreign Policy

Mr Major said that co-operation in foreign policy with its Community partners was in Britain's interests. 'On most issues we carry more clout collectively than we would alone.' He said that the strengthening of co-operation through the introduction of the concept of joint action under the Single European Act would continue under the new treaty. The text proposed that joint action, once determined by consensus, would be binding on all member states.

He continued: 'In most areas it would be in our interest to work for joint action, but we cannot allow the search for joint action to inhibit our right to take separate national decisions essential for the pursuit of our foreign policy. Where we can act together we will do so. Where we need to act on our own we must be free to do so.'

The Government did not accept the draft treaty proposal that majority voting should be used as a general rule for implementing decisions of principle taken by unanimity. This was 'a recipe for muddle and confusion'.

Defence

The Prime Minister maintained that Europe should do more for its own defence, 'but we do not need to invent a new structure for that to happen. We need to develop a policy that is consistent with our existing obligations and arrangements through NATO [see p 441] and the Western European Union [WEU].'

For that reason Britain and Italy had put forward proposals to build up the WEU, not as the European alternative to NATO but as the European pillar of NATO (see p 401). He added that Britain could not accept a situation in which the European Community set up a competing defence structure.

European Parliament

Having rejected calls for a referendum on progress towards European union, Mr Major considered the role of the elected European Parliament. He said that from its inception it had the power to block the Community budget, dismiss the European Commission as a whole, propose amendments to Community legislation and give assent to certain international agreements. Its powers were increased by the Single European Act.

The Government did not agree that the European Parliament should have the power to initiate legislation or have an effective power of co-decision by making it an equal partner with the Council of Ministers in determining Community law. 'The Council of Ministers, whose members are answerable to their national parliaments, must be the body which ultimately determines the Community's laws and policies.'

However, Mr Major believed that the European Parliament should have a greater role in:

– monitoring the European Commission and scrutinising its implementation of Council decisions;

– auditing the Community's expenditure; and

– approving the appointment of the Commission (but without the power to dismiss individual Commissioners).

Britain also favoured the appointment of a Community ombudsman directly answerable to the Parliament.

Extension of Community Competence

Britain was looking to enshrine the principle of subsidiarity in the treaty. Mr Major said that 'what subsidiarity must mean is that, if a problem can be dealt with at national level, it should be. If it can be dealt with at inter-

national level only, it should be. At international level we must then decide whether a problem is best tackled by the Community . . . or by co-operation between governments.'

He recognised that there were areas where Community law must apply, in order, for example, to implement the single market. However, Britain would not agree to extensions of Community competence in such matters as industrial relations or the basic provision of health care. Similarly, while it was right for the Community to ensure mutual recognition of educational qualifications and to promote student exchange and language training, it could not have a place in determining national educational curricula. Mr Major also said that the Government would not weaken Britain's frontier controls, which helped protect against illegal immigration, drug trafficking and terrorism.

He welcomed the proposal to set up a European version of Interpol to fight international crime as a 'classic case for intergovernmental co-operation between the countries of the Community rather than for co-operation within the framework of Community law'.

Concluding, Mr Major said: 'We must prepare for the day when the EFTA [European Free Trade Association – see pp 406-7] countries in the north of Europe and the new democracies in the east of Europe[1] want to become part of the Community. When they are economically ready to join the Community we must be ready to accept them, and we must tell them so now. We can now plan for a European Community . . . that embraces the free market principles that are at the heart of the Treaty of Rome. Such a Europe would be more than an economic entity. It would not only guarantee prosperity, but would underpin democracy.'

OPPOSITION VIEWS

Official Opposition

The Leader of the official Opposition, Mr Neil Kinnock, said that the basic question at issue in the debate was whether Britain was to be carried along in the wake of recent changes in Europe or be a driving force for change. Commenting on the treaty, he stressed that it had to 'serve the best interests of Britain, and in doing so serve the wider interests of the Community'. Britain could do this by negotiating a more practical approach to the co-ordination of economic policies within the Community.

Mr Kinnock considered that monetary union and a single currency could work successfully only if there was convergence in the real economic performance of member states – 'convergence in terms of growth and employment, as well as in terms of inflation and interest rates'. If such convergence was to be achieved, it would be necessary for the Community and member states to have devised, and agreed to implement, regional and structural policies promoting 'balanced development'.

Believing that the single market should have a social dimension if it were to fully benefit the people of the Community, he urged acceptance of the Social Charter and the extension of qualified majority voting to social policy.

Mr Kinnock said that the European Commission should be held more effectively to account by the European Parliament. He also considered that the elected Parliament should have the same right as the non-elected Commission to initiate legislation.

Endorsing the Community's closer links with the EFTA countries, Mr Kinnock also favoured the gradual development of associate, and then full, Community membership for countries in Eastern and Central Europe.

Concluding, he opposed the adoption of common foreign and security policies with qualified majority voting, believing that it would weaken the Community and its ability to act. Co-operation and consensus between member states remained the most useful and reliable arrangement.

Liberal Democrats

The leader of the Liberal Democrats, Mr Paddy Ashdown, described monetary union as the 'logical and natural extension of the single market'. He also favoured the establishment of a European central bank. Increased powers of scrutiny and initiation for the Euro-

[1] On 22 November, Hungary, Poland and Czechoslovakia initialled association agreements with the European Community facilitating closer political and economic ties and the eventual creation of a free trade zone.

pean Parliament would bring the Community bureaucracy under democratic control.

Although he did not wish to undermine NATO nor see the withdrawal of the United States and Canadian military presence in Europe, Mr Ashdown supported the concept of a common foreign and defence policy. He explained that 'an integrated European pillar within NATO makes good sense for today and provides a sensible preparation for what may happen tomorrow'.

He also believed that the Community should embrace the emerging democracies in Eastern and Central Europe.

GOVERNMENT REPLY

Foreign and Commonwealth Secretary's Speech

The Foreign and Commonwealth Secretary, Mr Douglas Hurd, said that Britain wanted to ensure the rule of law within the Community and he referred to Britain's exemplary record in complying with Community legislation. There was only one European Court of Justice judgment outstanding against Britain, compared with 12 for Germany, 13 for Belgium and 37 for Italy.

At present, the only sanction against a member state that failed to comply with a judgment from the European Court of Justice was to bring that state before the court again. Mr Hurd said that Britain's proposal that the court should be allowed to impose a fine on any member state in such circumstances had been accepted by its Community partners for inclusion in the draft treaty.

Chancellor of the Exchequer's Statement

Winding up the debate, the Chancellor of the Exchequer, Mr Norman Lamont, reiterated the Government's rejection of the idea of a European Government or a European state, and he defended Britain's cautious approach to any extensions of Community competence or to proposals to increase the powers of the European Parliament. 'We believe that . . . the Community must not overreach itself. We cannot draw up grandiose, impractical blueprints for a structure that will not stand the weight it would be called upon to bear.'

On economic and monetary integration, Mr Lamont said that 'the Government will settle for nothing less than a treaty that leaves us wholly free to decide whether or not to move to a single currency'. He continued: 'Because we are not prepared to make a commitment to move to a single currency, monetary, fiscal and economic policy in general will remain firmly in national hands until and unless the decision is made to move to a single currency and to stage three.'

Mr Lamont believed that rigid central determination of fiscal policy was neither necessary nor desirable. 'Even if there were to be one European currency and one European monetary policy, it is our intention that there should still be 12 fiscal policies and 12 finance ministers.'

Relations with Libya

Britain and the United States have called on the Libyan Government to surrender two Libyan nationals to face trial for their alleged involvement in the bombing of a United States airliner over Lockerbie in Scotland in 1988.

Scotland's Lord Advocate, Lord Fraser of Carmyllie, announced on 14 November that, following nearly three years of investigations, warrants had been issued for the arrest of two Libyan nationals allegedly responsible for the Lockerbie air disaster in December 1988 (see p 105, 1989). Similar action by the United States judicial authorities was announced simultaneously.

The two nationals, identified as officers in the Libyan intelligence services, were accused of conspiracy, murder and contravention of aviation security legislation. Both were believed to be in Libya.

British and United States Demands

Following the issue of warrants, Britain demanded that the two accused be surrendered for trial, but no satisfactory response was received from the Libyan authorities. On 27 November the British and United States

governments declared that the Libyan Government must:

– surrender for trial all those charged with the crime and accept responsibility for the actions of Libyan officials;

– disclose its knowledge about the crime, including the names of all those responsible, and allow full access to all witnesses, documents and other material evidence; and

– pay appropriate compensation.

Tripartite Declaration

In a tripartite declaration on 27 November, Britain, the United States and France reaffirmed their condemnation of terrorism and denounced any complicity of states in terrorist acts. They stated that 'the responsibility of states begins whenever they take part directly in terrorist actions, or indirectly through harbouring, training, providing facilities, arming or providing financial support, or any form of protection, and that they are responsible for their actions before the individual states and the United Nations'.

Following the investigations carried out into the Lockerbie incident and the bombing of a French airliner over Africa,[1] the three states required that Libya should:

– comply with specific demands related to the judicial procedures underway;

– commit itself to stop all forms of terrorist action and all assistance to terrorist groups; and

– promptly prove its renunciation of terrorism.

On 28 November the Libyan leadership indicated that the two Libyan suspects would not be surrendered. Mr Douglas Hogg, Minister of State at the Foreign & Commonwealth Office, said that a range of options was under consideration to persuade the Libyan Government to comply. He stressed that the suspects would get a fair trial and that they would be acquitted if the prosecution failed to prove the case beyond reasonable doubt. On 2 December the European Community endorsed the demands of Britain, France and the United States.

[1]Warrants had been issued by the judicial authorities of France for the arrest of Libyan nationals in connection with the bombing of flight UTA 772 over Niger in September 1989, which killed 171 people.

Shorter Notes

WESTERN HOSTAGES IN LEBANON

Mr Terry Waite, the last British hostage held in Lebanon by Islamic fundamentalists, was released from captivity on 18 November. Mr Thomas Sutherland, a United States citizen, was freed at the same time. Mr Waite had been detained since January 1987.

Commenting on these developments, the Prime Minister, Mr John Major, said: 'We have been working energetically for many months behind the scenes in order to secure this release and I am immensely grateful to the [United Nations] Secretary General and his staff for the work that they have done.' He confirmed that 'no back stage deals' had been negotiated to effect the release.

On 19 November a Foreign & Commonwealth Office spokesman said that the Government would be considering its relations with Iran carefully in the light of Mr Waite's release. He reiterated that Britain would continue to work for the release of all hostages wherever they were held and would urge all parties in the Middle East region to 'show the necessary flexibility and determination'.

The release of the remaining United States hostages – Mr Joseph Cicippio, Mr Alann Steen and Mr Terry Anderson, who had been held for between five and seven years – took place on 2 and 4 December, marking virtually the end of a decade of political kidnappings in Lebanon. Only two Western hostages, both German citizens, are still detained.

The United Nations Secretary General continues to work for a comprehensive solution to the hostage problem.

Sources: Interview given by the Prime Minister, 18.11.91; statement by Foreign & Commonwealth Office spokesman, 19.11.91.

RELATIONS WITH IRAQ

Mr Ian Richter, a British businessman arrested in Iraq on bribery charges in 1986 and sentenced to life imprisonment, was released from captivity on 23 November. He arrived in Britain the following day.

On 29 November the Foreign and Commonwealth Secretary, Mr Douglas Hurd, disclosed that Iraq had been told that, after the release of Mr Richter, the Government would unfreeze £70 million of Iraqi assets for humanitarian purposes, as permitted by the United Nations sanctions committee.

Mr Hurd added: 'We do not plan to release further tranches of assets for this purpose. The Iraqis have been told that we remain firmly committed to the United Nations sanctions regime: the Iraqi Government have not yet met the requirements laid on it by the UN Security Council [see pp 138-41].'

Source: *Hansard*, Vol 199, No 22, written answers, col 685.

Economic and Scientific Affairs

Local Government Finance

The Local Government Finance Bill, which was given its second reading in the House of Commons on 11 and 12 November, would abolish the community charge and replace it with a council tax with effect from April 1993.

PARLIAMENTARY DEBATE

The Bill received its second reading by 334 votes to 245, a government majority of 89 (*Hansard*, Vol 198, No 8, cols 783-874, and No 9, cols 917-1001).

Government View

Introducing the Bill, the Secretary of State for the Environment, Mr Michael Heseltine, said that it would replace the community charge with a council tax from April 1993, and would provide local authorities with powers to collect the new tax. He described the council tax as a fair and straightforward method of raising local government revenue. It would be based on the market value of property and would take account of the number of people in each household. The tax would provide 'generous rebates for those on low incomes', offering, in addition, special protection for students, student nurses, apprentices and those on youth training schemes. It would require no register of taxpayers, and the discount and rebate provisions would be simple and straightforward.

Council Tax Banding

Part 1 of the Bill would provide for local authorities to levy and collect the council tax from most domestic properties, including caravans and houseboats. Student residences and households containing only students and certain empty dwellings would all be exempted from payment. Eight broad valuation bands and associated tax rates would be established for England and Wales (see pp 269-70 and 315-16). Generally, higher-valued properties would attract a higher rate of tax. A household occupying a property in the highest band would pay three times as much as one in the lowest band. Mr Heseltine said that the proposed limited range of tax bills would ensure that highly-valued properties would not face excessive bills and at the same time would reduce the effect of regional variations in house prices.

Payment

There would be a single bill for each household calculated on the assumption that there were two adults for each household. Single-person households would receive a personal discount of 25 per cent as would certain disadvantaged groups of adults. There was provision for reductions in council tax for people on low incomes, and transitional relief for households which would face an excessive year-on-year increase in their bills as a result of the changeover of tax systems. People on income support would not have to pay any council tax at all. There would be special arrangements to ensure that people with disabilities were treated fairly. People would have a right of appeal against tax liability, discount entitlement and band designation.

Other Provisions

The Bill also contained a provision which would prevent local councillors who were two months in arrears with their community charge or council tax payments from voting on the level of the council tax.

Similar provisions on banding and payment and all other aspects of the council tax would apply in Scotland.

Opposition Views

Speaking for the official Opposition, Mr Bryan Gould said that the Government was seeking to replace the community charge with something even worse – 'a poll tax crossed with a capital value tax . . .'. It would be difficult in the time available for councils to prepare for the new tax, which would require new valuations, a new banding system, new discounts and new registers. Banding was by necessity crude and regressive and would result in numerous complaints about individual valuations. The new tax system would make no provision for regional differences in property values in England; and by 'dampening' the bands, it would in effect favour the better off. In short, the proposals did not reflect ability to pay.

While welcoming the discounts offered to students, Mr Gould condemned the Bill for being unable to cope with moves and changes of status within households. The collection level would be low and the collection costs high. Local councils would have to keep registers, which necessarily had civil rights implications.

For the Liberal Democrats, Mr James Wallace argued that property taxes such as the council tax were unfair because property was not an absolute guide to people's income or wealth. The proposed council tax would penalise some people on low incomes and generally benefit the rich. The Liberal Democrats favoured a local income tax, which, unlike the council tax, would be fair and economical to administer.

COMMUNITY CHARGE

In a statement to the House of Commons on 26 November (*Hansard*, Vol 199, No 19, cols 779-95), Mr Heseltine said that the level of community charge in England for 1992-93 should be around £257. Efficient local authorities should, he said, be able to set an even lower figure. Actual charges would depend on authorities' budgets and on efficiency and determination in collecting the charge.

Mr Heseltine also outlined provisional criteria for capping local authorities' excessive budgets or excessive annual increases in budgets.

Farming and Forestry

The Government has issued a policy statement about the challenges facing the British farming industry during the 1990s.

Sixteen further areas in England and Wales are to be designated Environmentally Sensitive Areas.

The Farm Woodland Scheme is to be replaced by a Farm Woodland Premium Scheme.

FARMING

Policy Statement

The Government's views on the changes needed to ensure that the agriculture and food industries continue to make a full contribution to Britain's economy and way of life are set out in a booklet[1] published on 15 November. Publication coincided with a food marketing seminar, called by the Prime Minister, Mr John Major, at which 20 leaders of the farming, food manufacturing and retailing sectors discussed ways in which these sectors could work together to increase the market share for British food.

The main points highlighted in the document are discussed below.

Food Marketing

Completion of the European Community's single market in 1992 will mean an increase in the farmer's market. Farmers in other member states are already competing for British markets, and imports into Britain of temperate foodstuffs significantly exceed British exports of similar produce. Changes in consumer demand have resulted in more diverse markets. Healthier eating habits emphasise fresh foods and concern with the quality of raw materials.

[1] *Our Farming Future.* Ministry of Agriculture, Fisheries and Food. Available free (reference PB 0703) from MAFF Publications, London SE99 7TP.

Government measures to assist marketing include:

1 new grants, worth £5·4 million over three years, to encourage farmers to come together and organise their marketing through larger and more professionally managed co-operatives;

2 a Market Task Force, within the Ministry of Agriculture, Fisheries and Food, to help identify product areas where there may be new or expanding market opportunities; and

3 changes to the statutory marketing arrangements for commodities such as milk, wool and potatoes.

The Environment

The Government aims to provide a framework of guidance, regulation and payments for positive environmental management. Within this framework consumers can buy directly from farmers a range of goods and services, produced and provided in an environmentally friendly way. Government measures on the environment include:

1 more Environmentally Sensitive Areas (see below);

2 plans to spend £3·5 million on research into organic farming over the next three years;

3 'cross compliance' (under which receipt of payments by farmers is conditional on protection of the environment) to become a more normal feature of agricultural support schemes;

4 payments to upland livestock farmers to be linked to environmental benefit;

5 a code of good upland management to help farmers conserve the environmental features of their holdings; and

6 a Farm Woodland Premium Scheme (see below).

General Agreement on Tariffs and Trade

A successful outcome from the Uruguay round (see p 71), the Government believes, will provide the most effective framework for managing adjustment in the European Community's food and farming industries.

Reform of the Common Agricultural Policy

The Government's principles on the reform of the Common Agricultural Policy (see pp 70-3) are that:

1 its costs must be reduced;

2 efficiency remains as vital for a competitive agricultural sector as for any other commercial sector;

3 the burdens of reform should be borne equitably across the whole Community;

4 Community objectives should give greater recognition to the importance of environmental protection;

5 financial support for farming in the less favoured areas (see p 313) must be retained; and

6 reductions in support levels should be at a pace which gives farmers time to adapt.

Animal Welfare

Britain continues to take the lead in pressing for higher standards of animal welfare throughout Europe. To ensure that animals are properly treated, Community measures will be needed to regulate husbandry systems, the care of animals in transit and conditions of slaughter.

Research and Development

The Government is altering the pattern of its research and development spending in order to focus more resources on identifying the scale and importance of likely climate changes and, in due course, the appropriate response to them. In 1991-92 it is providing £97 million from the Science Budget to the Agricultural and Food Research Council to carry out basic and strategic research; and £175 million to agriculture departments to commission basic, strategic and applied research.

Minister's Statement

In his comments the Minister of Agriculture, Fisheries and Food, Mr John Gummer, said that the British farmer needed the excellence of his product to be matched by new skills in marketing. It was equally important, he continued, 'that farmers should develop their role as stewards of the countryside so that they can care for the environment as efficiently as they produce foodstuffs'.

Environmentally Sensitive Areas

Details of further Environmentally Sensitive Areas (ESAs – see p 115, 1990) to be designated in 1992-93 in England were given by Mr Gummer in the House of Commons on 20 November (*Hansard*, Vol 199, No 15, written answers, col 192). The 12 new areas are Exmoor, the Hampshire Avon, the Lake District, the North Dorset and South Wiltshire Downs, the north-west Kent coast, the south-western Peak District, the Blackdown Hills on the Devon-Somerset border, the Cotswold Hills, Dartmoor, the Essex coast, the Shropshire Hills, and the tributaries of the upper Thames.

In Wales the new locations being considered for ESAs were announced by the Secretary of State for Wales, Mr David Hunt, on the same day. They are Anglesey, the Clwydian range (north-east Wales), Radnor and Preseli (Dyfed). In Northern Ireland new ESAs are to be designated in counties Antrim and Fermanagh. New ESAs in Scotland are to be announced.

The new designations in England will more than treble the amount of farmland within the ten existing ESAs. These cover 340,000 hectares[1] and those in Wales 195,000 hectares. Some 3,100 farmers in England and 750 in Wales have signed management agreements. Annual government expenditure on payments to farmers within ESAs throughout Britain, currently £13 million, is expected to rise to £64·5 million in 1994-95.

FORESTRY

Farm Woodland Premium Scheme

In the House of Commons on 19 November, Mr Gummer announced that a successor to the Farm Woodland Scheme (see p 375) was to be introduced from 1 April 1992 (*Hansard*, Vol 199, No 15, written answers, cols 135-6). Called the Farm Woodland Premium Scheme, it will offer increased grants and higher incentives to encourage farmers to convert land now in agricultural use to woodland. 'The aim', he said, 'is to enhance the farmed landscape and environment and provide a productive land use alternative to agriculture.' The scheme would be easier to understand and operate than the present scheme.

The Forestry Commission will pay grants for planting and managing trees under the Woodland Grant Scheme (see pp 214-16 and 314). The agriculture departments will pay the annual incentives under the Farm Woodland Premium Scheme. In Northern Ireland the Agriculture Department will pay all the grants.

Annual incentives of up to £250 a hectare will be paid for either ten or 15 years, depending on the type of woodland created on arable or improved grassland. Annual incentives of £60 a hectare will be paid for trees planted on unimproved grassland in the less favoured areas (see p 313) only. There will be no limit on the number of applications that can be made, but planting must not, in aggregate, exceed more than 50 per cent of any individual agricultural unit.

Competition and Service (Utilities) Bill

Under the Competition and Service (Utilities) Bill, customers of formerly state-owned utilities would receive fairer treatment from those industries. Regulators for telecommunications, gas, electricity and water would take on tougher powers; customers would be compensated when standards were not met; and greater competition would be introduced in gas and water services. The Bill received its second reading in the House of Commons on 18 November.

MAIN PROVISIONS

Regulators' Powers

The Bill seeks to extend the powers of the regulators of privatised utilities. OFTEL (Office of Telecommunications), OFGAS (Office of Gas Supply), OFFER (Office of Electricity Regulation) and OFWAT (Office of Water Services) would have powers to:

– set guaranteed service standards for individual customers, such as fixed appointment times;

[1] 1 hectare = 2·4711 acres.

– ensure that compensation would be paid where these service standards were not met;

– set, monitor and enforce overall performance standards and ensure that the utility published its achievement against these standards;

– ensure that the utility had satisfactory procedures for handling customer complaints and that these were publicised; and

– resolve disputes between the utilities and customers over guaranteed service standards and terms of supply.

Regulators would for the most part be empowered to settle disputes between customers and utilities over the accuracy of bills. For OFTEL and OFGAS the new powers, other than those to set overall performance standards, would apply to individuals and small firms. OFWAT and OFFER would have powers to deal with all customers.

Competition

Part II of the Bill contains provisions to improve standards of service by increasing competition, particularly in the supply of water and gas services. These provisions include the eventual ending of the monopoly held by British Gas in supplying gas to householders and small firms using less than 25,000 therms a year. Depending on the outcome of negotiations between the Director General of Fair Trading and British Gas, the initial reduction in the threshold is expected to be to a level not less than 2,500 therms, to take place in the next parliamentary session. A review in 1996 would ascertain whether a further interim reduction should take place, and when the British Gas monopoly would end. The review, which would be conducted in consultation with the regulators, would take account of the ending of the electricity monopolies in 1998 and the development of competition in the gas market (see p 423).

The Bill would abolish the restriction on water companies whereby only the licensed supplier can supply new customers situated within 30 m of its water pipes. It would extend the rights of customers to be connected to water mains or sewers near their property; enable the regulator to require water companies to supply prospective competitors; and permit large customers using more than 1 megalitre of water a day to use alternative suppliers.

PARLIAMENTARY DEBATE

The Bill was given its second reading on 18 November following the defeat of an official Opposition amendment by 278 votes to 191 (*Hansard*, Vol 199, No 13, cols 37-116).

Government View

Opening the debate, the Secretary of State for Trade and Industry, Mr Peter Lilley, said that the Bill fulfilled commitments made in the Citizen's Charter (see pp 293-300) to strengthen the position of 25 million customers of formerly nationalised utilities. The Bill was the 'fruit of privatisation'. In future, customers would be able to ask regulators to resolve disputes with the utility. They could be confident that the standards set by the regulators would be clearly stated, as would the measures available to them if those standards were not met.

The Government's approach to utilities' regulation was based on two objectives:

– the protection of the customer from the abuse of monopoly power; and

– the minimising of the burden of regulation and avoidance of political interference in the industries involved.

The roles of utility owners and independent regulators had to be separate. 'Ownership should be for the private sector and regulation should be by independent bodies free from political interference.'

Mr Lilley pointed out that all regulators had made considerable advances with their existing powers in setting standards, ensuring compensation and resolving disputes. In upgrading the powers of the telecommunications, gas and water regulators to equal those of OFFER, the Government was seeking to ensure that the quality of service offered by the utilities would match that provided in a competitive market. Being able to cap prices, regulators would have greater power than any ombudsman. The regulators would set price capping levels in the light of productivity gains which they believed the utility could achieve and the need to protect consumers against unjustified price increases. Utilities could increase their prices only by increasing

efficiency even more rapidly than the targets set for them by the regulators. Mr Lilley cited the example of British Gas, which had been required to cut its prices in real terms by 2 per cent a year, and by 5 per cent a year from April 1992.

The Bill would benefit smaller businesses as it would allow customers using less than 25,000 therms of gas a year to seek alternative contracts. This was in line with the Government's phased introduction of competition in electricity supply, where the 1-megawatt monopoly threshold was to be reduced to one-tenth of that size in 1994. The new threshold for gas was intended to open up around 7 per cent of British Gas's market for new competitors to develop supply systems for smaller customers. Regarding water supply, the Bill would allow water companies to compete more effectively in supplying new estates and large users and generally to offer a better deal.

Opposition Views

Mr Gordon Brown, the official Opposition spokesman for trade and industry, opposed the Bill because it failed to establish independent consumer ombudsmen to strengthen consumer representation. The Labour Party favoured the appointment of ombudsmen, who would have powers to impose penalty fines on utility companies, determine fairness of customer contracts, make recommendations about customer service to the regulator, and insist on consumers' rights to information. He called for a government guarantee for customers to be awarded compensation in every possible case and for penalty fines when the utility failed to provide a proper service. Utility directors should be required to give full information about profits, performance and pricing policy.

Mr Brown went on to say that insufficient priority was given by the Bill to energy saving and environmental protection. It failed to take action where excessive profits were being made and would not prevent excessive salary increases awarded to boardroom members of privatised utilities.

For the Liberal Democrats, Mr Malcolm Bruce said that competition measures in the Bill were not far-reaching enough because monopolies were left virtually unchallenged. He also said that the Government needed to provide regulators with better powers and resources to advance consumer interests effectively.

Shorter Notes

ECONOMIC STATISTICS

The Government is committed to bringing about a significant and lasting improvement in the quality of economic statistics and to minimising the burden imposed on business for their collection.

Following reforms announced in May 1990 (see pp 220-1, 1990), the Chancellor of the Exchequer, Mr Norman Lamont, has asked the Central Statistical Office (CSO) to take further measures to strengthen the reliability of statistics on retail sales, consumer expenditure, industrial output, producer prices, stock-building, company finances and transactions of financial institutions. Like the previous reforms, these measures are designed to make early estimates more reliable, thereby reducing the need for subsequent revisions. They also aim to reduce discrepancies between the different measures of gross domestic product.

The CSO became an executive agency of the Government (see p 210) on 19 November.

Source: *Hansard*, Vol 199, No 15, written answers, cols 139-41.

EXPORT CREDITS

On 2 December the Secretary of State for Trade and Industry, Mr Peter Lilley, made a statement in the House of Commons confirming the sale to the private sector of the Insurance Services Group, part of ECGD (Export Credits Guarantee Department – see p 282). Following negotiations between the Government and the preferred purchaser, NCM Credit Insurance, NCM would undertake credit insurance services with immediate effect, including domestic credit insurance.

NCM are specialist credit insurers and had been selected following a competitive tendering process. The sale price was £70 million.

Mr Lilley said that the vast bulk of insurance services' risk portfolio had now been placed in the private-sector reinsurance market. The Government was providing NCM with limited reinsurance transitional facilities to 'top up' private-sector reinsurance capacity, as well as a separate 'national interest' facility to maintain cover for higher-risk markets not currently available from the private sector. The ECGD would continue as a separate government department providing facilities for medium- and long-term export credit on projects and capital goods exports.

Source: *Hansard*, Vol 200, No 23, written answers, cols 11-12.

ENERGY EFFICIENCY

On 4 November the Secretary of State for Energy, Mr John Wakeham, and the Secretary of State for the Environment, Mr Michael Heseltine, launched the Government's campaign to encourage householders to make their homes more energy efficient (see p 200). It will run for a minimum of three years and will cost some £10 million. 'Many people are still unaware of the link between home energy use and global warming', Mr Heseltine said, 'but they react positively to the idea that reducing energy consumption will help to protect the environment once the link is simply explained'.

On 12 November, Mr Wakeham launched a voluntary scheme, devised by the Energy Efficiency Office and the electricity industry, which will give customers more information about the energy efficiency of refrigerators and freezers on display in 1,100 regional electricity company showrooms throughout Britain. The scheme anticipates a European Community directive which will make it mandatory for manufacturers to label the energy efficiency of their products.

Sources: Department of the Environment news release, 4.11.91; Department of Energy news release, 12.11.91.

EUROPEAN SPACE AGENCY

On 21 November, Mr Edward Leigh, Parliamentary Under-Secretary of State for Trade and Industry, gave details of a new European Space Agency (ESA) programme for observing Earth and its environment from polar orbit (see p 148, 1990). He also said that ministers had agreed to continue development during 1992 of ESA's Columbus programme, as well as the Hermes manned spaceplane and a data relay satellite. The future direction of these programmes would be reviewed in late 1992.

The new Earth observation programme would develop advanced instruments in support of climate research and for monitoring global climate. It would also support the flight of operational meteorological instruments and carry forward radar-based remote sensing using synthetic aperture radar. In addition, the programme would set up the necessary facilities for receiving and distributing data on the ground. In 1998 the instruments were scheduled to be flown on the polar platform, which was presently under development within the Columbus programme.

Source: *Hansard*, Vol 199, No 17, written answers, cols 273-4.

Environmental, Social and Cultural Affairs

Education

A Bill concerned with the inspection of schools and the provision of information about school performance received its second reading in the House of Commons on 19 November. Another Bill making changes in Scottish post-school education received its second reading a week later.

EDUCATION (SCHOOLS) BILL

Main Provisions

The main provisions extend to England and Wales only, although some provisions on school performance cover Scotland. The Bill is based on proposals recently put forward by the Government in its Parent's Charter (see p 386).

The Bill makes provision for new arrangements for school inspection. Every state school would have to be inspected regularly, and inspectors would have to be approved by Her Majesty's Chief Inspector of Schools, who would check to see that the inspectors were doing a thorough job. The school would choose the inspection team. All inspection teams would include at least one person not working in education in order to give an outside view. During an inspection the inspectors would hold an open meeting for parents to talk about the school. Inspectors' reports – free of jargon – would be published and parents given a summary of the report, setting out their schools' strengths and weaknesses. They would also have the right to see a full copy of the report. The school would have a duty to act on the report and to inform parents of proposed follow-up action.

The Bill would also provide powers to ensure annual publication of comparative tables on school public examination and National Curriculum results, truancy rates and first destinations of school leavers.

Parliamentary Debate

The debate on the Bill took place in the House of Commons on 19 November (*Hansard*, Vol 199, No 14, cols 144-244). Its second reading was approved by 264 votes to 219.

Government Speech

Opening the debate, the Secretary of State for Education and Science, Mr Kenneth Clarke, said that the Bill represented a massive step forward in giving parents more power over their children's education. For the first time the Bill would provide for every parent an open report on the results of the inspection of each school. Parents would receive a summary from the inspectors, setting out the strengths and weaknesses of the school, and be given the school governors' action plan. The Chief Inspector of Schools would have increased independence and would have a statutory role of offering advice to ministers.

Mr Clarke said that there would be two levels of school inspection – one by the national schools inspectorate and the other by a choice of teams of independent local inspectors, who would be monitored and supervised by the national inspectorate. They would not be allowed to carry out inspections unless they were up to standard. Although the vast majority of inspectors would have

professional qualifications in teaching, some would not be members of the teaching profession, since people would value lay as well as professional judgment. He said that, if there were to be annual local inspections of thousands of schools, it would be best to give local school governors the right to choose their inspectors.

Turning to the other part of the Bill, Mr Clarke said that its overall effect would be to give parents the legal right to have far more information than hitherto about the performance of schools and the education system. People were entitled to analyse and make the best use of the information. Performance tables would enable parents to make more informed choices about schools for their children.

Opposition Views

The official Opposition education spokesman, Mr Jack Straw, said that it was not possible for outside observers without educational experience to inspect classroom practice. The Government's plans would mean a reduction in the national inspectorate, which would be unable to meet the tasks imposed upon it. The Labour Party wanted an independent educational standards commission, answerable to Parliament. This would run the national inspectorate and supervise the local authority inspectorate, which would be placed at arm's length from the local education authority. Parents would have the right to call in the inspectors when they were needed. Mr Straw said that the Labour Party was committed to giving parents information about a school's examination results provided that its reliability was clear. Crude league tables were not enough to judge a school's performance.

Speaking for the Liberal Democrats, Mr Matthew Taylor said that proposed reductions in inspectors would mean a loss of many specialist skills. He also criticised provisions on the publication of information by schools on the grounds that they did not give parents powers to get anything done about what the information revealed. Simplistic league tables on school performance needed to be supplemented by background information for parents.

FURTHER AND HIGHER EDUCATION (SCOTLAND) BILL

Main Provisions

The Bill was foreshadowed in two White Papers published in May 1991 (see pp 226-32). The first part of the Bill places a new duty on the Secretary of State for Scotland to secure adequate and efficient provision of further education. This includes vocational education and access courses to advanced courses in universities and other higher education institutions. The Bill would transfer the management of colleges of further education from local government education authorities to new college boards of management. Colleges would become self-governing and receive finance directly from central government from April 1993. Education authorities would retain responsibility for providing community education for adults.

The second part of the Bill deals with universities, central institutions and other higher education colleges. These provide degree and other advanced courses for full-time students. The Bill's provisions would:

– establish a Scottish Higher Education Council to allocate public funds to these institutions;

– give the Secretary of State the power to confer degree-awarding status on any higher education institution; and

– allow these institutions to include 'university' in their title, subject to the consent of the Privy Council.

Parliamentary Debate

The House of Commons debated the Bill on 26 November (*Hansard*, Vol 199, No 19, cols 799-883). An official Opposition amendment was defeated by 307 votes to 220 and the Bill was read a second time.

Government Speech

Opening the debate, the Secretary of State for Scotland, Mr Ian Lang, said that the Bill would enable further education colleges to work for the first time within a national system of provision. At the same time it would allow the maximum delegation to colleges to take quick decisions at local level, thereby meeting the needs of students and employers more adequately.

The new boards of management, with a maximum size of 16, would be decision-taking bodies. Their members would be people with practical experience, including representatives of industry and commerce; representation from education authorities would be considered.

Mr Lang emphasised that teachers and other staff would be automatically transferred from education authorities and would retain their existing pay and conditions of service. After April 1993, negotiations on pay and conditions would be a matter for the boards of management, staff and their representatives. This would not prevent a national framework being established if that was the decision of the parties involved.

The Secretary of State said that the new Scottish Higher Education Funding Council would keep in close touch with its counterparts in England and Wales. It would be charged with developing fair and objective methods of distributing funds to all higher education institutions. The Council would also have an assessment unit to report on the quality of education provided in the institutions concerned.

Turning to the Scottish central institutions and colleges of education specifically, Mr Lang said that the Secretary of State for Scotland would be empowered to confer degree-awarding powers on higher education institutions, which would be allowed to include the word 'university' in their titles.

Opposition Views

The official Opposition spokesman, Mr Donald Dewar, welcomed the concept of a single funding body for higher education, which had to be planned and developed as an entity. It was also right to bridge the divide between universities and other institutions of higher education.

Mr Dewar went on to say that there was no justification for removing responsibility for further education from local education authorities. Close co-operation between schools and further education colleges was necessary and there was no guarantee that local education authorities would be represented on the new boards of management.

Speaking for the Scottish National Party, Mrs Margaret Ewing supported the establishment of a higher education funding council, but added that university principals and college heads should have the right to elect their own representative on it. Students, she said, should also be represented. She opposed separating further education colleges from local authorities.

Shorter Notes

AIR POLLUTION

A new agreement to reduce emissions of volatile organic compounds (VOCs) was signed in Geneva, Switzerland, on 19 November. Britain has welcomed the agreement, which was negotiated within the United Nations Economic Commission for Europe.

VOCs are a major precursor of ground-level ozone, a pollutant which can affect human health and damage crops. In turn, ground-level ozone is a major component of photochemical smog. In high concentrations, ground-level ozone can exacerbate breathing disorders. In general, levels in Britain are not dangerous, although in hot weather several north European cities, including London, can exceed World Health Organisation guidelines for ozone levels.

Announcing the agreement in the House of Commons, Mr David Trippier, Minister of State at the Department of the Environment, said that Britain had become one of the first signatories to the agreement, which was a protocol to the 1979 Convention on Long-range Transboundary Air Pollution. It was an international problem and therefore needed to be tackled by international agreement.

Mr Trippier said that most parties to the agreement were obliged to secure a 30 per cent overall reduction in VOC emissions between 1988 and 1999. Other commitments were to:

– apply national or international emission standards to new sources of VOCs, taking account of guidance given in the protocol;

– apply national or international measures to products containing solvents and promote the use of products with little or no solvent content; and

– foster public participation in VOC emission control.

Britain was already taking a number of steps which would help it to comply with the protocol, which represented 'an important step forward in international action to improve the quality of our environment'.

Sources: *Hansard*, Vol 199, No 14, written answers, col 102; Department of the Environment news release, 19.11.91.

INDEPENDENT LIVING FOR DISABLED PEOPLE

The Minister of State for Disabled People, Mr Nicholas Scott, has welcomed a programme of action to promote independent living for disabled people, which was proposed on 8 November by the Council of Europe's first meeting of ministers with responsibilities for disabled people.

The programme, which has to be ratified by the Council, will focus on access to education, training, employment, culture, sport, leisure, transport, buildings and the urban environment. It will establish a network of projects to help organisations of disabled people meet their counterparts in member states so that they can exchange information and promote models of good practice. Projects will involve support for disabled people, including personal care, living arrangements, financial arrangements and technical aids. A major objective is that the programme should be managed by people with disabilities. The Council is to set up a consultative body to choose the projects and to oversee their implementation.

Mr Scott spoke of the importance of developing information services for disabled people (see p 168) and of the need to change the way disabled people are portrayed in the media. He said that he would welcome any initiatives 'which work towards the introduction of international codes of practice on the representation of disabled people in the media'.

Source: Departments of Health and Social Security news release, 8.11.91.

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Central Office of Information, Hercules Road, London SE1 7DU.

Central Statistical Office, Government Offices, Great George Street, London SW1P 3AQ.

HM Customs and Excise, New King's Beam House, 22 Upper Ground, London SE1 9PJ.

Ministry of Defence, Main Building, Whitehall, London SW1A 2HB.

Department of Education and Science, Elizabeth House, York Road, London SE1 7PH.

Department of Employment, Caxton House, Tothill Street, London SW1H 9NF.

Department of Energy, 1 Palace Street, London SW1E 5HE.

Department of the Environment, 2 Marsham Street, London SW1P 3EB.

Foreign & Commonwealth Office, King Charles Street, London SW1A 2AH.

Forestry Commission, 231 Corstorphine Road, Edinburgh EH12 7AT.

Department of Health, Richmond House, 79 Whitehall, London SW1A 2NS.

Home Office, Queen Anne's Gate, London SW1H 9AT.

Board of Inland Revenue, Somerset House, London WC2R 1LB.

Office of the Minister for the Civil Service, Government Offices, Horse Guards Road, London SW1 3AL.

Northern Ireland Information Service, Stormont Castle, Belfast BT4 3ST.

Overseas Development Administration, 94 Victoria Street, London SW1E 5JL.

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